

The Federal Flyer

President Bush Unveils FY 2002 Budget *Targets Funding for Border Safety Inspection Stations*

On April 9, 2001, the **George W. Bush** Administration released the full details of its budget proposals for fiscal year 2002. The budget would fund the U.S. Department of Transportation (USDOT) at about \$59.17 billion in FY 2002, a 6 percent increase above the FY 2001 funding level adjusted for one-time appropriations totaling \$2.8 billion. These one-time FY 2001 appropriations included funding for the Woodrow Wilson Bridge replacement, \$720 million for emergency relief, and approximately \$1.4 billion in last-minute highway demonstration projects added to the FY 2001 transportation spending bill. The budget contains increases for the high-profile highway and aviation sectors and for the Coast Guard. The most significant legislative proposals in the budget are a new way of allocating transit new start funds, new user fees for railroad safety and hazardous materials transportation, and changes in maritime organization (some of which are discussed below).

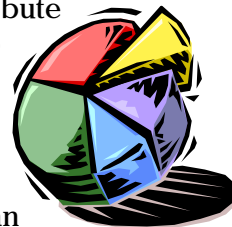
Highways - The budget follows the spending guarantees set in the Transportation Equity Act for the 21st Century (TEA 21) and sets the FY 2002 obligation limitation for federal-aid highways at \$31.563 billion. Of that amount, \$4.5 billion is revenue aligned budget authority (RABA). RABA is derived from the higher than projected gasoline tax receipts. The Administration is proposing to use \$56 million of the RABA for the construction of State and Federal motor carrier inspection facilities at the U.S./Mexico border. Advancing these infrastructure projects will be the joint responsibility of the Federal Motor Carrier Safety Administration (FMCSA), the Federal Highway Administration (FHWA), and the States. The budget also looks to RABA for \$125 million to spend on the president's New Freedom initiative to help the disabled. When combined with some \$955 million in FY 2002 highway obligations exempt from the limit, the total FHWA budget comes to \$32.5 billion, up \$1.8 billion from last year. Note: That increase does not take into account the \$720 million in FY 2001 emergency relief funds and the nearly \$2 billion in highway and bridge projects in last year's USDOT conference report, which the Administration proposes not to repeat.



Aviation - The budget proposes to spend \$13.288 billion on the FAA in FY 2002 (partially offset by a \$331 million rescission in old, unobligated balances of airport construction funds). FAA operations (\$6.886 billion), facilities and equipment (\$2.914 billion), and airport improvement grants (\$3.3 billion) are all at the levels set by the Aviation Investment and Reform Act of the 21st Century (AIR 21). The budget proposes to take \$3.7 million from the Airport Trust Fund to fund the Office of Airline Information. That office was previously accountable to the Bureau of Transportation Statistics. The budget also would limit the essential air service program to areas that are truly remote (over 100 miles from a large or medium airport, over 70 miles from a small hub, or 50 miles from an airport with scheduled jet service), except in Alaska.



Mass transit - The budget follows the TEA 21 guidelines and provides \$6.747 billion for the Federal Transit Administration (FTA) in FY 2002, an increase of \$476 million (up 7.6 percent from last year). Within those confines, however, the budget proposes several major changes in how the FTA does business. Instead of earmarking the capital grants for buses and bus facilities, as Congress does relentlessly in every USDOT appropriations bill, the Administration proposes to distribute the money to states and cities via formula. The formula would provide 40 percent to urbanized areas with a population greater than 1 million, 30 percent to cities from 200,000 to 1 million, and 30 percent for states to use in areas under 200,000 population (but that amount is split 50-50 between small cities from 50,000 to 200,000 population and rural areas). The budget also proposes rationing out new start (subway and light rail) funding based on population size, providing that USDOT can make adjustments to the formula for areas with concentrations of low-income citizens: 60 percent to projects in cities over 200,000 and 40 percent in smaller cities. Under the plan, states would have the responsibility to solicit applications from localities for selection under the new start apportionment. Perhaps most significantly, the budget proposes to reduce the federal government's share of new start construction costs from the current 80 percent down to 50 percent starting in fiscal year 2004. Also, the budget proposes to take one percent of the transit capital grant program off the top and use it for project management oversight.



Coast Guard - The Coast Guard is a big winner in this round of the FY 2002 budget cycle, slated to receive \$5.056 billion, an 11.9 percent increase over last year's levels. Approximately \$191 million of the increase is in the operating budget and \$244 million is in procurement. Of the overall procurement budget of \$659 million, \$338 million is devoted to the new Deepwater project to replace the Guard's aging ocean-going fleet.

Railroads - The budget increases the Federal Railroad Administration's (FRA) safety and operations and research and development budgets by close to ten percent and funds Amtrak at the exact same level as last year. However, the budget still manages to reduce the FRA's overall budget by \$94 million from last year by establishing \$55 million in new user fees and by eliminating \$52 million in regionally specific set-asides for Rhode Island, Alaska, and West Virginia.

Other agencies - The Surface Transportation Board would be funded at \$18.457 million, up \$500,000 from last year. The National Transportation Safety Board would receive a modest 2.4 increase in its 2002 budget, to \$64.5 million. The NTSB workload is determined by the number of major transportation safety incidents in a given year, so it frequently requires supplemental appropriations.

Appropriations Schedule - The House Appropriations Committee has already completed most of its



hearings on the USDOT budget for FY 2002 and will wrap up its hearing schedule by May 9. It should mark up its bill reflecting (or rejecting) these budget recommendations shortly after that. Authorizing committees, who have been holding off on marking up their authorizing legislation for agencies for FY 2002, will now get started in earnest. All that remains to be done before the appropriators can begin their work is the adoption of a final budget resolution,

with its discretionary spending total, which the appropriators will then divide amongst its subcommittee.

The *Federal Flyer* is a publication of the TxDOT Legislative Affairs Office. It is intended to provide up-to-date information on major legislative activities in the 107th Congress for the management of the Texas Department of Transportation, state leaders, and others interested in Texas transportation issues. This report will also feature key activities in the national transportation community. Sources include news services and staff reports.

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